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T H E S H E E P A N D L A M B S I T U A T I O N

Summary

Slaughter supplies of sheep and lambs probably will continue larger than a year earlier until at least September, according to the Bureau of Agricultural Economics. In contrast to conditions last year, when drought delayed the finishing of lambs for market in many areas after June, ranges and pastures generally favor a rapid finishing of this year's delayed lamb crop. Conditions before June were similar this year and last year, in that early lambs were delayed by unfavorable weather and poor pastures. A larger than usual seasonal increase in the marketings of lambs from the Corn Belt and from the Western States is probable in the late summer. Slaughter supplies during this period, however, will depend partly upon the number of lambs which are purchased for feeding.

The seasonal decline in lamb prices which started about mid-June was similar to the decline in the same period last year except that it began slightly earlier this year. Prices of the better grade of lambs in early July were about \$1 per 100 pounds higher than a year earlier. Feeder lamb prices were well maintained during most of June, advancing somewhat late in that month and in early July. Prices of slaughter ewes also strengthened in late June and early July.

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The slaughter of 1,425,000 head of sheep and lambs under Federal inspection in June was 4 percent larger than in May and 9 percent larger than in June 1936. Although supplies of spring lambs were relatively scarce in early June, marketings were expanded later in the month by increased receipts from the Southeastern States and from Idaho. Though receipts of Texas lambs in June and early July were smaller than in May, they continued considerably larger than a year earlier.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND - The early spring lamb crop was somewhat smaller than that of last year. The development of these lambs was delayed by unfavorable weather and feed conditions in the late winter and early spring, and marketings were light through early June. Prices from April through mid-June were maintained at a level about \$1 to \$2 higher than those of a year earlier.

Prices of lambs declined seasonally in recent weeks

The seasonal decline in lamb prices which started about mid-June carried the weekly average price of good and choice lambs at Chicago from \$12.66 in the week ended June 12, to \$10.93 in the week ended July 3. This decline in prices apparently resulted from a considerable increase in marketings in the last half of June. It had been expected earlier that the seasonal increase in supplies of lambs would be small until July. A recovery to \$11.48 was recorded in the week ended July 10, but further declines occurred about mid-July. In early July prices of lambs generally continued about \$1 higher than a year earlier. Feeder lamb prices were well maintained during most of June, advancing somewhat late in the month and in early July to a level higher than that of a year earlier. Prices of slaughter ewes also strengthened in late June and early July. Prices of lamb carcasses showed only slight changes. In June such prices were lower than those of a year earlier, but in early July they were about the same as a year earlier since a rather sharp decline in such prices occurred in late June and early July of last year.

Average price per 100 pounds of Good and Choice spring lambs
at Chicago, by weeks, May - July, 1936-37 1/

Week ended	1936			1937		
	Average			Average		
	Good	Choice	Good	Good	Choice	Good
	and			and		
<u>2/</u>	Choice			Choice		
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
May 15	11.52	11.80	11.25	12.59	12.78	12.40
22	11.90	12.14	11.65	13.02	13.26	12.78
29	12.14	12.39	11.90	12.18	12.46	11.90
June 5	11.47	11.78	11.16	12.52	12.76	12.28
12	11.48	11.74	11.22	12.66	12.92	12.40
19	11.46	11.72	11.20	11.86	12.21	11.51
26	11.36	11.68	11.04	11.70	12.02	11.38
July 3	9.92	10.30	9.55	10.93	11.28	10.58
10	<u>3/</u> 10.10	10.42	9.78	11.48	11.79	11.17

1/ Quotations based on ewe and wether lambs.

2/ 1937; corresponding weeks 1936.

3/ Effective July 6, 1936, spring lambs classified as lambs.

Lamb supplies increase seasonally in June

Slaughter of sheep and lambs under Federal inspection totaled 1,425,000 head in June, or 4 percent more than in May and 9 percent more than in June 1936. Although supplies of spring lambs were relatively scarce in early June, being confined largely to native lambs, marketings were expanded sharply about the middle of the month by increased receipts from the Southeastern States, the Corn Belt and Idaho. Fed California lambs moved in moderate volume during June, and the first Oregon lambs were marketed during that month. The first Washington lambs arrived at mid-western markets in early July. June marketings of yearlings and spring lambs from Texas, although smaller than in May, continued considerably larger than a year earlier in June and early July.

Western lamb contracting slow

The number of lambs sold on contract for fall delivery in the Western States was relatively small up to mid-July. Reports indicate that some lambs have been bought on contract in Wyoming and Utah largely by western feeding interests, at prices of \$8 to \$8.25 per 100 pounds. Most contracts provide for a minimum weight of 45 pounds per head, and trade interests expect weights to be equal to or heavier than average. A fairly broad inquiry is reported in several western areas for feeder lambs for future delivery, with bids up to \$8.50 per 100 pounds.

OUTLOOK 1/

BACKGROUND - The following conclusions were stated in the June issue of this report with respect to the outlook for lambs:

1. Marketings of lambs may be relatively large in late summer and early fall when the delayed marketings of early lambs and the movement of late lambs are expected to result in a larger than usual increase in supplies.

2. A further seasonal decline in lamb prices is probable within the next few months, the extent of which will depend partly upon the demand which develops for feeder lambs.

3. Feed conditions in areas which usually furnish large lamb supplies during July and August are such as to encourage the production of good quality lambs.

The outlook has been modified only slightly since the June issue. It now seems probable that slaughter supplies of sheep and lambs will continue larger than a year earlier until September at least. In contrast to conditions last year when drought delayed the finishing of lambs for market in many areas after June, ranges and pastures generally favor a rapid finishing of this year's delayed lamb crop. Conditions before June were similar this year and last year in that early lambs were delayed by unfavorable weather and poor pastures. Since lamb prices declined sharply in the last half of June and continued to weaken in the first half of July, a large part of the seasonal decline apparently has taken place at about the usual time. The extent of further declines in prices of lambs in the next few months will depend partly upon the demand which develops for feeder lambs.

1/ Inasmuch as the 1937 lamb crop report will not be released until late July, the August issue of this report will contain more comprehensive information on the Outlook for lambs. Attention also will be devoted to outlook for wool prices and production in this issue. A separate report on the summer outlook for Sheep, lambs and wool will not be issued this year.

According to the Western Livestock and Range Report of July 1, condition of ranges and pastures generally showed marked improvement after early June rains. Feed prospects are good on summer sheep ranges, except in the Northern Great Plains. Range conditions are average or better in the mountain sections and States west of the main range, but some of the lower ranges are drying rapidly in Idaho, Utah and Nevada. Ranges are good in western Montana and Colorado and are very good in Wyoming and New Mexico. Conditions are poor, however, along a wide belt extending from central Montana into western North Dakota, south through western Kansas and Nebraska, and into Texas and Oklahoma, where some improvement in early June was checked by hot dry weather which followed.

The condition of sheep and lambs is good in most of the range States and is very good in the Western areas which will furnish a large portion of the lambs marketed during the next few months. Better feed resulted in a decided improvement in the condition of sheep and lambs in Oregon and Washington. Sheep conditions are good to very good in Utah, Wyoming and western Montana.

Marketings of lambs from the Corn Belt are expected to increase seasonally in the next 2 or 3 months. Crop conditions now appear such as to encourage a fairly normal finishing and marketing of lambs from this area in late summer and fall. If corn crop prospects continue favorable a fairly broad demand for feeder lambs may develop in the Corn Belt during the fall months.

Lamb marketings from southeastern areas are expected to continue rather large for a few weeks. Although most of the Tennessee lambs apparently have been marketed, shipments from Kentucky and Virginia probably will continue in fair volume in late July and early August, since a larger than usual proportion of lambs in this area were late. The movement of lambs from Texas will probably decrease considerably in the next few months following the recent large marketings.

THE WOOL PRICE SITUATION 2/

There was little activity in the domestic wool market during June. Prices of medium wools were slightly higher at country points the latter part of the month, but quotations at Boston were largely nominal. Since world supplies of wool are below average for this season of the year and demand conditions in this country and abroad continue rather favorable, little change in wool prices is expected prior to the opening of the new Southern Hemisphere selling season in September. Present prospects indicate that wool production in Southern Hemisphere countries will be larger than that of last year.

2/ From the Demand and Price Situation, a monthly report of the Bureau of Agricultural Economics.

Consumption of apparel wool in the United States in the first 5 months of 1937 was almost 20 percent larger than a year earlier and was larger than in the same months of any year since 1923. In view of the very high level of mill consumption since early 1935, it is possible that in the past year there has been some accumulation of finished wool goods in the several channels of trade. Wool prices in this country are now somewhat higher than in 1929, whereas prices of other textile materials (cotton, rayon and silk) are lower. This price relationship does not favor a continuation of the present high level of consumption of wool. Hence, it does not appear likely that mill consumption of apparel wool in the last half of 1937 will be so large as in the corresponding period of 1936.

General imports of apparel wool into the United States in the first 5 months of 1937 were larger than in the same period of any year since 1926. The large purchases by the United States were an important factor in the almost complete clearance of the 1936-37 clip in the Southern Hemisphere at prices which were higher than those of the previous season. In view of the present relatively small domestic supplies, United States imports of wool in the first half of 1938 may be fairly large. With prospects for a decline in mill consumption later this year, however, imports are not likely to equal those of the first half of the current year.

Supplies of sheep and lambs, year 1936 and June 1937, with comparisons

Item	Unit	Year			Month			
		Average			June			
		1924-33	1935	1936	average	June	May	June
					1924-33	1936	1937	1937
Inspected slaughter ^{1/}	thou-							
Sheep and lambs	sands	14,737	17,644	17,216	1,216	1,309	1,371	1,425
Receipts at seven								
markets ^{2/}	"	3/15,241	12,312	11,892	3/ 818	597	814	682
		Year			Month			
		Average			May			
		1924-33	1935	1936	average	May	Apr.	May
					1924-33	1936	1937	1937
Inspected slaughter:								
Lambs and yearlings	thou-							
Number	sands	13,678	16,400	15,647	1,081	1,101	1,256	1,263
Percentage of								
total sheep and								
lambs	percent	92.8	93.0	90.9	90.7	90.8	94.1	92.2
Sheep -	thou-							
Number	sands	1,059	1,244	1,569	111	112	79	107
Percentage of								
total sheep and								
lambs	percent	7.2	7.0	9.1	9.3	9.2	5.9	7.8
Average live weight ...	pound	81	84	85	80	81	87	82
Average dressed weight:	"	39	40	40	38	39	41	40
Total dressed weight	mil.lb.	569	701	680	46	47	54	54

^{1/} Bureau of Animal Industry.^{2/} Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.^{3/} Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, April-June, 1935-37

Classification	1935			1936			1937		
	Apr.	May	June	Apr.	May	June	Apr.	May	June
	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.
Lambs, Chicago:									
Good and choice...	8.11	1/7.60	2/8.56	10.98	1/10.26	2/11.44	12.22	1/9.99	2/11.94
Common & medium...	7.34	1/6.74	---	10.01	1/ 8.88	2/ 9.32	11.11	1/8.42	2/10.42
Ewes, Chicago:									
Good and choice...	4.56	3.41	2.82	5.70	4.48	3.45	5.67	4.50	3.78
Common & medium...	3.52	2.28	1.86	4.63	3.36	2.28	4.17	2.93	2.30
Feeding lambs, Omaha:									
Good and choice ...	6.07	---	---	9.05	8.99	8.60	10.20	---	8.53
Average price paid :									
by packers:									
Sheep and lambs....	7.62	7.57	7.46	9.78	9.76	9.66	10.92	9.69	
Average price received									
by farmers:									
Sheep	3.83	3.69	3.64	4.48	4.30	4.03	4.98	4.89	4.52
Lambs	6.58	6.59	6.52	8.46	8.59	8.33	9.19	9.16	8.88
Lamb, New York:									
Wholesale carcass 3/									
Choice	16.56	16.77	17.85	20.67	22.15	23.15	21.05	21.32	21.40
Good	15.70	15.85	16.85	20.06	21.23	21.80	20.05	20.20	20.20
Medium	14.89	14.87	15.80	19.08	19.63	19.65	18.85	18.88	18.48
Retail, composite									
prices -									
Good	23.59	23.81	24.54	25.99	27.85	28.54	27.07	26.86	27.72
Pulled wool Boston 4/:									
Choice M	67.5	70.1	78.6	93.2	91.2	93.1	113.8	110.0	107.5
Choice White E ...	58.0	60.4	67.0	78.1	75.5	78.1	98.0	94.2	91.2
Sheep pelts, packers :									
shearlings, No. 1 :									
each 5/.....	0.69	0.56	57	1.00	1.05	1.12	1.55	1.48	1.39

1/ Shorn basis.

2/ New crop.

3/ 38 pounds down; prices for May 1937, based solely on old crop lambs were:

Choice, \$19.96; Good, \$18.90; Medium, \$17.82.

4/ Cents per pound.

5/ Bureau of Labor Statistics.